

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

IN RE:	§	
	§	CASE NO. 16-60633
CIRCLE Z PRESSURE PUMPING, LLC	§	
	§	CHAPTER 11
DEBTOR		

**MOTION FOR ORDER AUTHORIZING SALE OF THREE PUMP UNITS FREE
AND CLEAR OF ALL LIENS, CLAIM, ENCUMBRANCES, AND INTERESTS**

NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AND SERVED UPON THE PARTY FILING THIS PLEADING WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE UNLESS THE COURT SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION. IF NO OBJECTION IS TIMELY SERVED AND FILED, THIS APPLICATION SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. IF AN OBJECTION IS FILED AND SERVED IN A TIMELY MANNER, THE COURT WILL THEREAFTER SCHEDULE A HEARING UNLESS IT DETERMINES THAT AN EVIDENTIARY HEARING IS NOT REQUIRED AND THAT THE COURT'S DECISION WOULD NOT BE SIGNIFICANTLY AIDED BY ORAL ARGUMENT. IF YOU FAIL TO APPEAR AT ANY SCHEDULED HEARING, YOUR OBJECTION MAY BE STRICKEN. THE COURT RESERVES THE RIGHT TO SET A HEARING ON ANY MATTER.

NOTWITHSTANDING THE FOREGOING, DEBTOR MAY REQUEST AN EXPEDITED HEARING ON THIS MOTION.

Circle Z Pressure Pumping, Inc., Debtor-in-Possession ("Debtor") presents this Motion for Order Authorizing Sale of Three Pump Units Free and Clear of All Liens, Claims, Encumbrances, and Interests ("Motion") and would show to the Court as follows:

1. This Motion is brought pursuant to 11 U.S.C. §363(b) and (f). The Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §157(b).
2. Debtor commenced this Chapter 11 case upon the filing of its voluntary petition on October 11, 2016. Debtor continues to operate as Debtor-in-Possession

under 11 U.S.C. §§1107 and 1108. An Unsecured Creditors' Committee has been appointed in this case. Debtor has filed a Plan of Reorganization and a Disclosure Statement in this case.

3. Among the items of equipment which are presently a part of the bankruptcy estate, Debtor owns the following pump units:

Unit 102 – 2009 GALYEAN 8'6" W x 46' L Tri-Axle Pump Trailer, VIN 1G9DD46229H017201 w/ 2011 GARDNER DENVER C-2250 Triplex Pump S/N G001834 w/ Fluid End p/b DETROIT 12V4000 Diesel Engine S/N 5262003950 w/ Hydraulic Starter, Horizontal Cooler, ALLISON transmission, ROLLIGON Controls, Hydraulic Pumps, (2) Fuel Tanks, (1) Hydraulic Tank, Manual Landing Gear, Air Ride, Air Brakes, 11R24.5 Tires, 10-Hole BUDD Wheels, TX X86-450

Unit 107 – 1980 PHELAN 8'6" W x 36' L Tandem Axle Pump Trailer VIN TM1TW25781 w/ GARDNER DENVER C-2250 Triplex Pump S/N G000163-1X w/ Fluid End p/b DETROIT 16V4000 Diesel Engine S/N 33150378 w/ Hydraulic Starter, Vertical Cooler, TWIN DISC transmission, ROLLIGON controls, Hydraulic Pumps, (2) Fuel Tanks, (1) Hydraulic Tank, Manual Landing Gear, Air Ride, Air Brakes 11R22.5 Tires, 10-Hole BUDD Wheels, TX X86-532

Unit 108 – 2001 TOWWAY 8'6" W x 34' L Tandem Axle Pump Trailer VIN 1F9GS3432711239100 w/ OFM Quintuplex Pump p/b DETROIT 16V4000 Diesel Engine w/ Hydraulic Starter, Vertical Cooler, TWIN DISC TA90 transmission S/N 3L0949, ROLLIGON controls, NU-FLO MCII Flow Analyzer, WAGNER 15,000 psi gauge, Hydraulic Pumps, (2) Fuel Tanks, (1) Hydraulic Tank, Manual Landing Gear, Air Ride, Air Brakes 75R22.5 Tires, 10-Hole BUDD Wheels, TX 030-B085 (Missing Fluid Pump End)

4. BancorpSouth Bank holds a first and valid security interest in Pump Units 102, 107, and 108 described above. Austin Bank holds a second and valid security interest in said Pump Units. Rusk County, Texas (collecting for the Tatum Independent School District) and Panola County, Texas (collecting for all other taxing entities assessing taxes on said Pump Units) hold statutory tax liens to secure the collection of

due and unpaid property taxes assessed against said Pump Units.

5. The claim of BancorpSouth Bank secured by its lien against said Pump Units is approximately \$1,291,807.00. According to its proof of claim filed in this case, the tax liens asserted by Rusk County, Texas against all personal property of the Debtor total \$169,991.31. According to its proof of claim filed in this claim, the tax liens asserted by Panola County, Texas against personal property of the Debtor total \$108,222.63. The values of the Pump Units proposed for sale do not exceed the claims of BancorpSouth Bank, Panola County, and Rusk County.

Relief Requested

6. By order dated August 21, 2017, the Court terminated the automatic stay against said Pump Units and other collateral of BancorpSouth Bank. However, under the terms of the order, BancorpSouth Bank did not take possession of the property affected by the termination of the stay and allowed Debtor to remain in possession of such property under the terms of an agreement entered into with guarantors of the Debtor's debt to BancorpSouth. The agreement contemplated that Debtor would continue to solicit a purchaser or purchasers for the bank's collateral.

7. Webbtex, LLC, 7324 Gaston Ave., Ste. 124-420, Dallas, Texas 75215 has agreed to purchase Pump Unit 102 described above for the amount of \$150,000.00. Webbtex, LLC is not affiliated with Debtor or with any of Debtor's officers, employees, or members. In addition, with the consent of BancorpSouth Bank, Debtor seeks authority to sell Pump Units 107 and 108. Debtor reasonably believes that each pump unit has a value of approximately \$50,000.00.

8. A sound business purpose exists for the proposed sale of the Pump Units

described above based upon a business judgment standard. First, based upon the familiarity of Debtor's management with prices presently being paid for used equipment such as the three Pump Units, the prices for the Pump Units are well within the range of prices being paid for similar equipment at private sale. Second, the projected operations of Debtor after confirmation of its Plan of Reorganization do not require the use of the Pump Units described above. Third, the sale of the Pump Units for the prices proposed will significantly reduce the debt owed to BancorpSouth Bank and would allow the balance of its debt to be paid over time under the terms of the Plan, which will then aid in the generation of excess cash flow to be used in payments to unsecured creditors under the proposed Plan of Reorganization.

9. Upon information and belief, Debtor believes the various secured creditors holding liens against the Pump Units will all consent to the sale of Pump Unit 102 to Webbtex, LLC for the price of \$150,000.00 and to sell Pump Units 107 and 108 to qualified buyers approved by the secured creditors, such sales to be free and clear of all liens, encumbrances, claims, and interests, with their interests attaching to the proceeds of the sale. Debtor proposes to make such sales according to the terms of the Court's Order of September 13, 2017, to deposit all sales proceeds into the Debtor-in-Possession escrow account approved by that Order, and to provide a carve-out from the proceeds of the administrative fees of the United States Trustee which would become due as a result of the receipt of such proceeds.

10. Debtor requests that the Court waive the fourteen-day stay under Bankruptcy Rule 6004(h). Due to the need expressed by Webbtex, LLC for Pump Unit 102, Debtor desires to be able to close the sale as soon as possible after the entry of

the order authorizing the sale of the Pump Units. As noted above, Debtor expects the various secured creditors holding liens against the Pump Units to consent to the sale. The sales proceeds, when applied against existing liens after the carve-out for United States Trustee fees, will not leave any amount for the payment of other administrative expenses or unsecured claims.

WHEREFORE, Circle Z Pressure Pumping, LLC requests that the Court enter its order authorizing the sale of the Pump Units described above for the consideration described above free and clear of all liens, encumbrances, claims, and interests, with all liens to attach to the proceeds of the sale in accordance with the terms of the Court's Order of September 13, 2017.

Respectfully submitted,

LAW OFFICES OF MICHAEL E. GAZETTE

By: /s/ Michael E. Gazette
Michael E. Gazette
State Bar No. 07784500

100 East Ferguson Street, Suite 1000
Tyler, Texas 75702-5706
(903) 596-9911 Telephone
(903) 596-9922 Telecopier
Email: megazette@suddenlinkmail.com

ATTORNEY FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion for Order Authorizing Sale of Three Pump Units Free and Clear of Liens, Encumbrances, Claims, and Interests has been sent to the United States Trustee, 110 N. College, Suite 300, Tyler, Texas 75702, and all parties on the attached mailing matrix via electronic means or First Class U. S. Postal Service on the 29th day of September, 2017.

/s/ Michael E. Gazette
Michael E. Gazette

t:circlezpressurepumping/mot4ord.saleof3pumpunits